

- Employment Insurance coverage falls to 39% of unemployed BC workers in January
- British Columbians are travelling less to the US, more abroad
- There are 816,502 licenced firearms in BC

The Economy

- Average weekly earnings in BC were \$685.91 in January, up marginally (+0.2% seasonally adjusted) from December.

Across Canada, the highest average weekly earnings were in Ontario, at \$740 (8% higher than in BC). Average weekly earnings in Alberta were \$721 (5% above BC). The lowest earnings were in PEI, at \$559 (18% below BC). Nationally, average weekly earnings were \$696, 1% higher than in BC.

Data Source: Statistics Canada

- The number of regular Employment Insurance (EI) recipients in BC edged down 0.9% (seasonally adjusted) in January. In contrast, the unemployment rate increased 0.5 percentage points over the same month. As a result, the coverage rate of the EI program was lower. Only 39% of unemployed workers were regular EI recipients in January, down from 42% the month before.

Data Source: Statistics Canada

- The EI coverage rate varied widely across Canada in January. In Ontario, only 30% of unemployed workers received benefits from the regular EI program. Coverage was also below average in Alberta (33%) and BC (39%). In the Maritime provinces, EI coverage was far higher. Indeed, in PEI, almost every unemployed worker received EI benefits (98%). In both New Brunswick and Newfoundland & Labrador coverage was 85%. Nationally, the coverage rate was 44% of unemployed workers.

Data Source: Statistics Canada

- The employment services industry in BC—firms that help connect the supply and demand sides of the labour market—generated \$361 million in revenues in 2002. This is an increase of 4% over the previous year.

Data Source: SC, Service Industries Division

Agriculture

- Canadian farmers received an average of 14.9

cents in net income for every dollar of revenue that they earned in 2002. Grain (23.9 cents) and dairy (23.4 cents) farmers had the highest operating margins, while hog (7.5 cents) and beef (8.2 cents) producers got the least bang for their buck.

Data Source: Statistics Canada

- Among farms that sell directly to the public (via farmers' markets and roadside stands) organic farms made up a small fraction of the total in BC in 2002. There were 12 times more non-organic than organic fruit farms and 14 times more non-organic vegetable farms.

However, organic farms made up a larger share of the BC market than organic farms in other major provinces. In Ontario, there were 62 times more non-organic than organic fruit farms, and 82 times more non-organic vegetable farms.

At direct sale markets for produce, farmers in BC often do not earn a price premium for organic produce. Among 15 different vegetables, almost half (7) of the organic products sold at a lower price than the non-organic products. However, for fruits, most organic products (6 out of 7 types of fruit) did sell at a premium price.

Data Source: SC, Catalogue no. 21-004-XIE

Firearms

- There are 816,502 licensed firearms in British Columbia (as of March 2004). With 4.1 million people in the province, there are roughly 2 licensed firearms for every 10 people in BC.

Very few people in BC are denied firearms licences. The total number of licence refusals since the program began in 1998 is 866, implying a refusal rate of less than one-half of one percent (0.4%). Similarly, only 634 licences have been revoked in BC (0.3%).

Data Source: Canada Firearms Centre

- Across Canada, there are 6.8 million registered firearms. In 2001, it was estimated that there were 7.9 million firearms in Canada, suggesting

Did you know...

36% of BC's adults say they occasionally enjoy making faces behind someone's back.

that 1.1 million firearms (14%) have yet to be registered. If this proportion were the same for BC, there would be about 130,000 unregistered firearms in the province.

Data Source: Canada Firearms Centre

Travel Patterns of BC Residents

- **Over the last decade, British Columbians have been travelling less often to the US and more often to other international destinations.** British Columbians took nearly one million trips overseas in 2003, the highest number on record. There were also 2.6 million "overnight" (at least one night) trips to the US, though trips to the US have fallen significantly in recent years.

Since 1994, the number of overnight trips to the US declined 14%. At the same time, other countries have become more attractive destinations: "Overseas" trips (travel to all other countries) have risen 69% since 1994. This reflects an almost exact substitution away from US travel in favour of other countries. The overall number of trips—adding together overseas and overnight US trips—is almost unchanged from 1994, declining only 1%.

While the total number of trips by people from BC has held steady, BC's population has increased 16% since 1994. Thus, the "rate" of international travel by British Columbians—the number of trips per person—has fallen. There was an average of 97 trips per 100 population in 1994, falling to 85 trips per 100 people in 2003.

Data Source: Statistics Canada

Abortions

- **British Columbia had the second-highest abortion rate among the provinces in 2001.** There were 17.7 abortions per 1,000 women in BC in 2001. Only Quebec (19.6 per 1,000 women) had a higher abortion rate. Nationally, there were 15.6 abortions per 1,000 women. The Maritime provinces all had abortion rates well below the national average, especially PEI (6.0) and New Brunswick (6.3).

Data Source: Statistics Canada

The Nation

- **Canada's economy stalled in January, with real GDP edging down 0.1% (seasonally adjusted).** Goods-producing industries shrank 0.4%, while

in the service sector, GDP was virtually unchanged from December.

Cold weather proved to be a boon for the utilities industry, which expanded 4.1% as demand for electricity and gas services soared. Other industries in the goods sector did not fare as well. GDP in manufacturing slumped 0.7%, largely because manufacturers of motor vehicles cut back their production. Mining, oil and gas extraction fell back (-1.1%) after posting a strong gain (+1.5%) in December.

In the service sector, results were mixed. Retailers bounced back (+1.0%) from a lacklustre December, but the wholesale industry shrank 3.4% while transportation and warehousing (-0.8%) lost ground. The accommodation and food services industry slipped (-0.1%) for the first time since last September.

Data Source: Statistics Canada

- **Manufacturers' prices were 2.5% lower this February than in the same month of 2003, marking the 11th straight monthly decline in the overall Industry Product Price Index (IPPI).** Lower prices for products such as motor vehicles and electronics, which are largely destined for export markets, were responsible for much of the decline, as the appreciation of the Canadian dollar vis-à-vis the US greenback eroded the exchange rate premium received by Canadian producers. However, BC wood producers saw softwood lumber prices climb 2.7% during the twelve-month period ending in January. Producer prices for Douglas fir plywood (+19.3%) and BC pulpwood chips (+5.1%) also increased substantially.

Data Source: Statistics Canada

- **Canada ranks 2nd in the world in terms of information and communication technology "connectedness".** On a range of measures, such as broadband internet access, businesses online, and use of wireless technology, only the US ranks higher. Canada shares 2nd place with Sweden. Of the top ten countries in "connectedness," Italy ranks last (10th), and France ranks second-last.

Data Source: Conference Board of Canada

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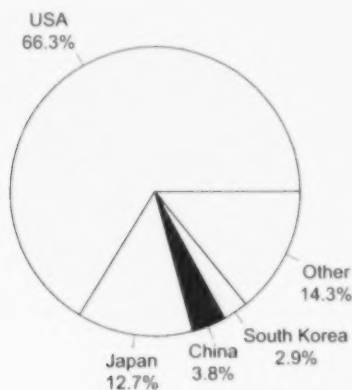
China Offers Considerable Opportunities for Trade

With a population of 1.3 billion, China offers vast opportunities for trade. There have been significant market reforms in China over the last several years, reflected by its accession to the World Trade Organization (WTO) in 2001, which has made this country an even greater presence in the overall trade picture. In 2001, China ranked sixth in the world in terms of two-way commodity trade (i.e., exports and imports) with \$US 573 billion of goods passing in and out of the country. Canada, with \$US 500 billion in two-way commodity trade, ranked seventh.

China ranked sixth in two-way trade in 2001, behind the United States, Germany, Japan, the United Kingdom and France and just ahead of Canada

Mainland China was the fourth most significant destination for Canadian exports in 2003 with 1.1% of total exports shipped there, and the second largest source of imports, with 5.5% of goods entering Canada originating in China. For British Columbia, China ranked third behind only the United States and Japan as a destination for BC exports, with 3.8% of commodity exports originating in BC shipped to China.

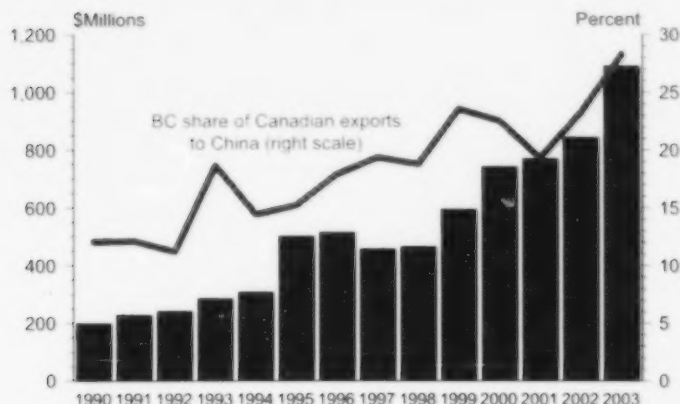
China ranks third as a destination for BC exports



BC shipped 3.8% of its exports to China in 2003, making it the third most significant destination for BC goods

The value of BC commodity exports headed to China surged 29% in 2003 compared to the previous year and has increased almost 300% since 1993. British Columbia has overtaken Alberta as the top ranked province in terms of exports to China with 28.2% of Canadian exports to China in 2003 originating in this province. Alberta, with 19.2% of Canada's shipments to China, ranked second, followed by Ontario (16.6%), Quebec (13.0%) and Saskatchewan (10.2%). BC's share of Canadian commodity exports to China has more than doubled since the early 1990s.

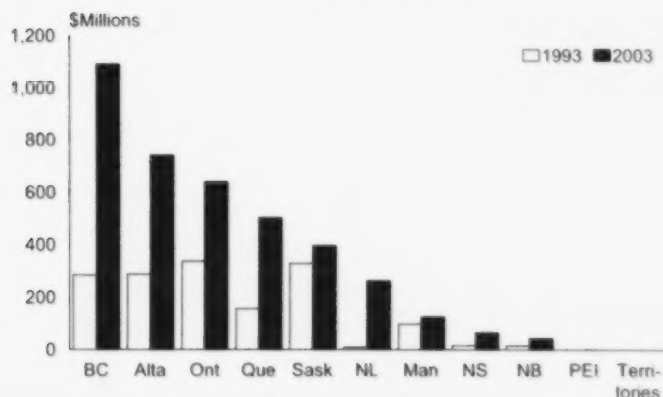
BC's share of Canadian exports to China has more than doubled since the early 90's



BC's share of Canadian exports to China has grown steadily, peaking at 28.2% in 2003.

Although the types of goods exported to China have become more diversified, there is still an emphasis on resource-based products, which is why provinces such as Ontario and Quebec, where manufactured goods comprise the majority of exported goods, lag behind BC and Alberta. It is possible that as the Chinese middle class continues to expand, demand for manufactured products from Canada will also increase, but for the short term it is probable that resource-based commodities will continue to be the chief exported goods. The top Canadian export to China is wood pulp, of which the majority (63.8%) is from British Columbia. In fact, wood pulp comprised almost half (48.8%) of all BC exports to China in 2003. Ethylene glycol, a chemical used in antifreeze, among other things, is the next largest export to China and BC and Alberta are the two source provinces for that product.

BC ranked first in Canada in 2003 as a source of exports to China



BC now ranks first in Canada as a source of exports to China

China's new building codes hold promise for lumber industry

BC's main export good overall is softwood lumber, but it is not one of the primary exports to China. Although shipments of softwood lumber from BC to China have grown tenfold since 1998, from \$4.0 million to \$44.8 million in 2003, they still represent less than one per cent of BC's total softwood lumber exports. The demand for lumber in China has historically been low due to the fact that there was very little housing constructed of wood; rather, most residential construction was done using masonry. Until recently China's building codes did not allow for wood construction; however, as a result of efforts from various western countries, including Canada, China introduced a new building code in November 2003 that included provisions for wood-frame construction. Experts from BC directly assisted in the development of the new code, which should help open up China's housing market to houses constructed from wood and possibly provide a new market for BC wood products.

China has implemented a new building code that includes provisions for wood-frame construction, which should open up China's housing market to houses constructed of wood

Historically, the majority of China's housing was owned by the state, but over the last decade the government has privatized much of the housing inventory. As a result, investment in housing has become more of a priority. According to the Council of Forest Industries (COFI), there is estimated to be two billion square feet of residential construction per year in China.¹ If new housing averaged 2,000 square feet, that would be one million new houses per year. As it is, counts of housing starts in China vary considerably depending on how a house is defined. Much of the housing being built is far less than 2,000 square feet and some counts include individual apartment or condominium units of smaller than 700 square feet as one housing start, in which case the annual housing start figure rises to as much as 10 million or more. Regardless of what figure is used, the magnitude of ongoing residential construction in China is impressive.

How this robust spell of construction will impact demand for lumber is difficult to say. The new lumber code will likely spur more construction using wood, but what proportion of new housing will be made of wood is unknown. It could take decades for China's housing market to be transformed into mainly wood-frame construction. The other challenge for lumber producers in BC hoping that China will become a significant importer of BC lumber is the competition from countries like Russia, where lumber is available at a significantly lower price than in Canada. In the short term, the benefit for BC from the new building codes may be an increase in exports of services as carpenters and trades people need to be trained in wood construction techniques. It is unlikely that demand from China for softwood lumber will bring relief to BC lumber producers beleaguered by the softwood lumber dispute with the United States; however, over the long term, China may prove to be a significant market for BC lumber.

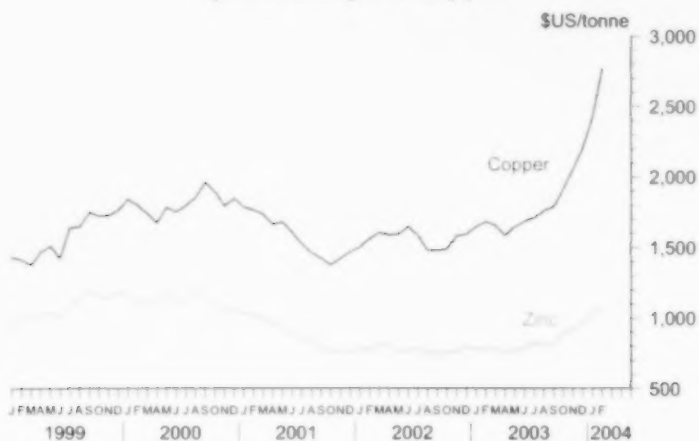
Most of the benefits to BC of the new lumber code will likely be realized in the long term, rather than immediately

¹ From "Developing New Markets for BC Lumber in China," on COFI's website: <http://www.cofi.org/issues/bclumberinchina.htm>

China's booming economy could help BC's mining industry

Industrial production in China has been flourishing, which in turn has boosted Chinese demand for inputs into production, such as base metals. This has resulted in significant price inflation for metals, as well as other commodities. Copper, an important metal export for BC, has been one metal that has particularly appreciated in price, especially over the last several months. The persistent demand from China has been a large part of the reason for the price inflation. Other metals have also experienced price increases, albeit to a lesser extent compared to copper.

Demand from China has boosted metal prices, particularly for copper



Source: London Metal Exchange, monthly average cash buyer contract price

Robust industrial production in China has boosted demand for metals, which in turn has increased prices, particularly for copper

A rise in prices for metals is positive news for BC's mining industry, which has seen the value of exports of metallic minerals fall well below historical levels in recent years. There were some positive signs in 2003, as the value of exports of these commodities was at its highest level in three years. With China's industrial production boom continuing, there could be yet another increase in metal exports from BC in 2004. Even if BC does not increase its metal exports to China, it will still benefit from the price inflation.

The potential of investment and tourism from China

Currently, Canadian direct investment in China is almost three times that of Chinese direct investment in Canada. In 2002, according to Statistics Canada, Canadians invested \$667 million in China, but China invested only \$224 million in Canada. While Canadian investment in China has grown considerably over the last decade, Chinese investment in Canada has been fairly flat. As China gets more involved in global trade, it is likely that investment in Canada will grow, but it is even more likely that there will be more Canadians investing in China as Canadian companies look to take advantage of China's burgeoning economy.

Chinese investors may be slow to embrace Canada, but tourists are eager to visit. Tourism from China is an area where BC may eventually see a big benefit. According to the World Tourism Organization, China ranked seventh in the world in tourism spending in 2002. Although the number of Chinese travellers entering Canada through BC has grown significantly over the last decade, such that China ranked eighth as a source of travellers to BC in 2003, it is still only about a third of the number from Japan, a country with about 10 per cent the population of China. One reason for the lower numbers is that Canada has not received approved destination status (ADS) from the Chinese government, which would be required before Chinese tour groups could organize major tours in Canada. Australia, which was given ADS by China in 1999, has seen visitor visas issued to Chinese citizens to travel to Australia rise from 55,897 in 1997-1998 to 129,446 in 2002-2003, more than doubling in just five years.² As a result, the number of Chinese tourists travelling to Australia has increased substantially. Although Canada has attempted to get ADS, so far China has refused and has given no explanation for the rejection. If China eventually comes around to granting Canada ADS, the benefits to BC should be quite significant.

China ranked seventh in the world in spending on tourism in 2002

So far Canada has not been able to attain approved destination status from China

Whether it is trade in goods or services, China has enormous potential for BC and Canada as a whole, but the competition to tap into this huge market is stiff. The challenges for Canadian companies will be difficult, ranging from dealing with current Chinese bureaucracy, as with the attempt to get approved destination status, to dealing with low cost competition, such as from Russia for wood products, to answering calls from groups protesting trade with China based on accusations of human rights violations. With a market the size of China, there is little doubt that there will be companies up to the challenge.

² Source: Australian Government, Department of Immigration and Multicultural and Indigenous Affairs website.

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
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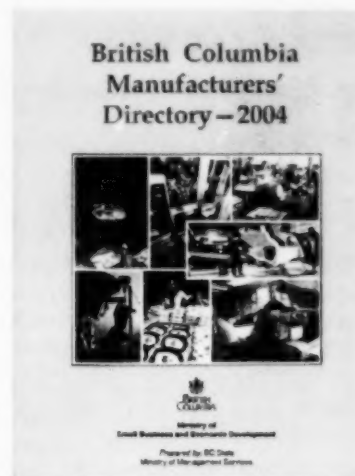
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BC at a glance . . .		
POPULATION (thousands)		
	Jan 1/04	% change on one year ago
BC	4,168.1	1.0
Canada	31,752.8	0.9
GDP and INCOME		
(BC - at market prices)	2002	% change on one year ago
Gross Domestic Product (GDP) (\$ millions)	135,552	2.7
GDP (\$ 1997 millions)	128,151	2.4
GDP (\$ 1997 per Capita)	31,143	1.5
Personal Disposable Income (\$ 1997 per Capita)	19,576	0.1
TRADE (\$ millions, seasonally adjusted)		
		% change on prev. month
Manufacturing Shipments - Jan	3,095	0.5
Merchandise Exports - Jan	2,209	-4.1
Retail Sales - Jan	3,429	0.6
CONSUMER PRICE INDEX		
(all items - 1992=100)	Feb '04	12-month avg % change
BC	121.3	1.9
Canada	123.2	2.2
LABOUR FORCE (thousands)		
(seasonally adjusted)	Feb '04	% change on prev. month
Labour Force - BC	2,211	-1.1
Employed - BC	2,036	-1.8
Unemployed - BC	174	6.8
		Jan '04
Unemployment Rate - BC (percent)	7.9	7.3
Unemployment Rate - Canada (percent)	7.4	7.4
INTEREST RATES (percent)		
	Mar 31/04	Apr 2/03
Prime Business Rate	4.00	4.75
Conventional Mortgages - 1 year	4.30	5.35
- 5 year	5.70	6.85
US/CANADA EXCHANGE RATE		
	Mar 31/04	Apr 2/03
(avg. noon spot rate) Cdn \$	1.3105	1.4761
US \$ (reciprocal of the closing rate)	0.7626	0.6803
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Feb '04	% change on one year ago
BC	684.78	0.8
Canada	678.61	3.0
SOURCES:		
Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate		} Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics		
For latest Weekly Financial Statistics see www.bankofcanada.ca		

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